Spending 'high' for fans cools off

Small electrics retailers can heat up summer sales by helping consumers stay cool and save money. Portable fan promotions, angled toward the budget-minded, are the key.

Fans are most often purchased by savings-minded shoppers. Philadelphia-based John Wanamaker's small electrics buyer Chuck Betsch explains, "Some of the people buying fans are using their air-conditioners less. Some buy them to help circulate the air-conditioning better [thus allowing them to use less energy and still keep the room cool]."

Last year's *Chain Store Age*/Leo Shapiro consumer study concurs with retailers' observations that portable fans are a poor man's air-conditioning. Of all the housewares items tracked in the survey, fans drew the highest percentage of low-income consumers, those reporting family incomes of $20,000 or less.

As might be expected, these consumers are very price-conscious. The majority (51.4%) expect to spend between $19 and $30, while another 11.3% anticipate lower price tags.

Retailers carry from five to 10 sku's (the majority of styles in oscillating), with prices ranging from a promotional $9.99 for a small oscillating fan to $50 at full retail for a box unit. The most popular item by far is a 12-in. oscillating fan, retailing for $25-$30.

The 'poor man's air-conditioning' draws the largest percentage of low-income shoppers

Unlike other small electrics, brand names play only a minor role in the buying decision. Hartford, Conn.-based Sage-Allen small electrics buyer Jerry Bilak finds that consumers shop size and price first. Then, if there is a choice between a recognizable brand name and a lesser-known one in the size and price category the consumer wants, he chooses the fan with the more popular name.

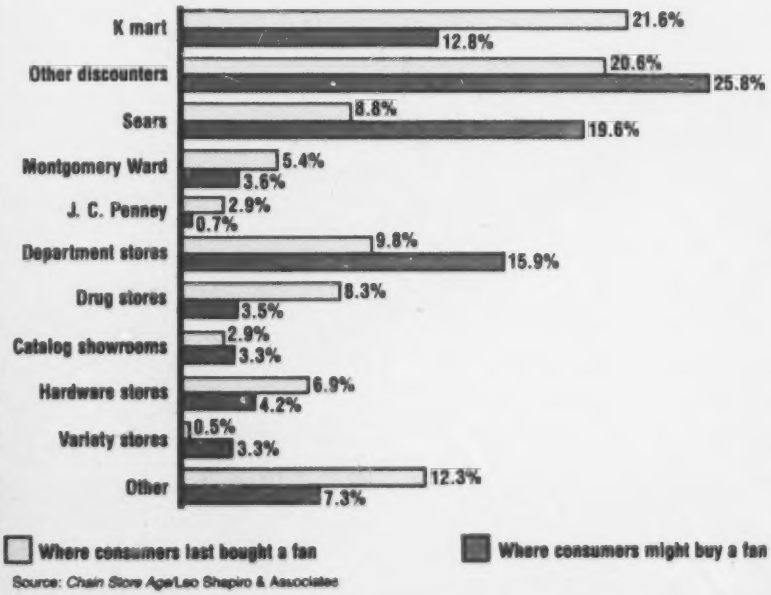
Because price is such a major consideration in the purchase of fans, it comes as no surprise that most consumers polled say they will shop the mass merchants. Discounters attract the larger market, with approximately 2 out of every 5 shoppers mentioning this type of retailer. K mart comprises 12.8% of this group.

The Big 3 catalog chains contribute 23.9% of the total. Sears alone accounts for 1 in 5 consumers (19.6%)—half of the discounters' prospective market.

When it boils down to where consumers actually bought fans, the survey shows discounters remained the first choice, representing 42.2% of those polled. The Big 3, however, fell off dramatically to 17.2%, with Sears dropping to 8.8% of that group; perhaps consumers were disappointed in prices at Sears and turned elsewhere to buy.

Additionally, the omission of this classification from Sears' 1984 Spring/Summer catalog could further erode the retailer's market share. Nonetheless, a company spokesman emphasizes that the chain still carries portable fans in its retail stores and will include the category in its special catalogs. □

Discounters capture the lion's share of portable fan sales



Source: *Chain Store Age*/Leo Shapiro & Associates

Marching to the trendy sheet beat

The designer battle for consumers' bedroom dollars is heating up. Last fall Ralph Lauren launched a line of pricey sheets to join such classy rivals as Perry Ellis, Yves Saint Laurent, Laura Ashley and Diana Vreeland in a drive to convince shoppers that trendy fashions don't have to be limited to their waking hours.

And more is on the way. Liz Claiborne is expected to debut a line of bedroom linens under the auspices of Burlington Industries, and specialty store impresario Terence Conran will unveil a sheet line bearing his name this month.

The success of the designer sheets varies, but in Bloomingdale's alone, the Ralph Lauren line—which includes everything from sheets to linen shower curtains—has logged more than $1 million in sales from October through January, a store insider says.

Industry observers and buyers say the sheet style—not the designer name—is most important to shoppers.

"People are more interested in the look than the name," says a buyer for a New England department store. "The person comes in to match his or her bedroom, not to look for a particular designer."

"It's always the pattern first," adds an industry insider. "If it's a poor design, it's just not going to sell no matter whose name is on it."

What's in a name? *Buyers think looks are more important to shoppers.*

Price, at least in Lauren's case, hasn't been a factor. At Bloomingdale's New York City flagship store, for example, the best-selling Lauren sheet—a 200-thread Oxford cloth design—sells for $55 (queen-size) compared with $39 for the low-end sheet in the line.

Lauren's collection, in fact, is the most expensive among the designer lines at Bloomingdale's. A 200-thread queen-size Laura Ashley sheet is priced at $35; the 200-thread Diana Vreeland sheet carries the same price tag.

But will the designer sheet rage last? "It's going to follow the trend in women's apparel, just like home furnishings always has," says one observer. "When designer names cool off, designer sheets will too." □

Licensing by the numbers

Licensed product retail sales jumped 29.6% in 1983, from $20.6 billion in 1982 to $26.7 billion, according to an annual survey conducted by *The Licensing Letter*, a Scottsdale, Ariz.-based newsletter.

Apparel and accessories continued their domination of the industry with a 38% market share, followed by toys and games with a 20% share. Gifts and novelties recorded the largest year-to-year increase, from 10% of the market in 1982 to 13% last year.

Cabbage Patch Kids, Care Bears and fashion designer merchandise were the most popular licenses in 1983, according to *The Licensing Letter* publisher Arnold Bolka, who predicts that fashion designers—as well as corporate trademarks—will record strong sales results in 1984.

Last year's retail license sales were four times more than the $6.5 billion the industry recorded in 1978. The six-year ('78-'83) compound growth rate was 32.7%. Bolka predicts 1984 license product sales will jump 30% to about $35 billion.

Sales breakdown

	% of license market		
Product category	1982	1983	% change
Apparel & accessories	38.0	38.0	N.C.
Toys & games	19.0	20.0	+ 5.3
Publishing/ stationery	14.0	15.0	+ 7.1
Gifts/novelties	10.0	13.0	+30.0
Home furnishings/ housewares	9.0	8.0	−11.1
Sporting goods	5.0	3.0	−40.0
Miscellaneous	5.0	3.0	−40.0

N.C.—No change. Source: *The Licensing Letter*

Who will attract new home sewers?

The reservoir of home sewers hasn't totally dried up, but several signals are flashing warnings of a potential drought. While the nation's sewing retailers must react to the warnings, they are not alone in the struggle to perk up industry performance. Manufacturers of patterns, notions and fabrics also need to be more responsive, taking an active role in attracting new home sewers and achieving a higher, positive visibility for them.

The fact is that the industry, as well as the sewing consumer, is changing. It is no longer a Mom and Pop business. The industry shakeout continues—Chicago department store chain Weiboldt's is a recent victim—with the business going more and more to the specialty fabric chains. "While the size of the pie may have shrunk, the number of [retail] participants has shrunk even more, so that the survivors are able to carve out larger pieces," says Don Williams, analyst for Boettcher & Co. "The makeup of the retail fabric industry has undergone a major structural change, with a small number of established and well-financed chains now dominant."

Michael Feuer, vp/marketing for Cleveland-based Fabri-Centers, predicts that specialty chains will control up to 75% of the market in another five years. In last year's *Chain Store Age*/Leo Shapiro & Associates consumer buying intentions study, 62.2% of those polled who said they might buy a pattern in '84 targeted specialty stores as the places they chose to shop.

The shrinking market: But what good will controlling the market do if that market remains stagnant or even shrinks? The sewing industry has been essentially flat for two years, hovering around the $4 billion mark in retail sales, and 1983 did nothing to change that. In fact, industry sources say that pattern sales fell 16% in '83 to $134.3 million.

Part of the explanation for this loss is that consumers who do sew have slowed their spending pace.

***Younger shoppers** appear to be rapidly losing interest in home sewing.*

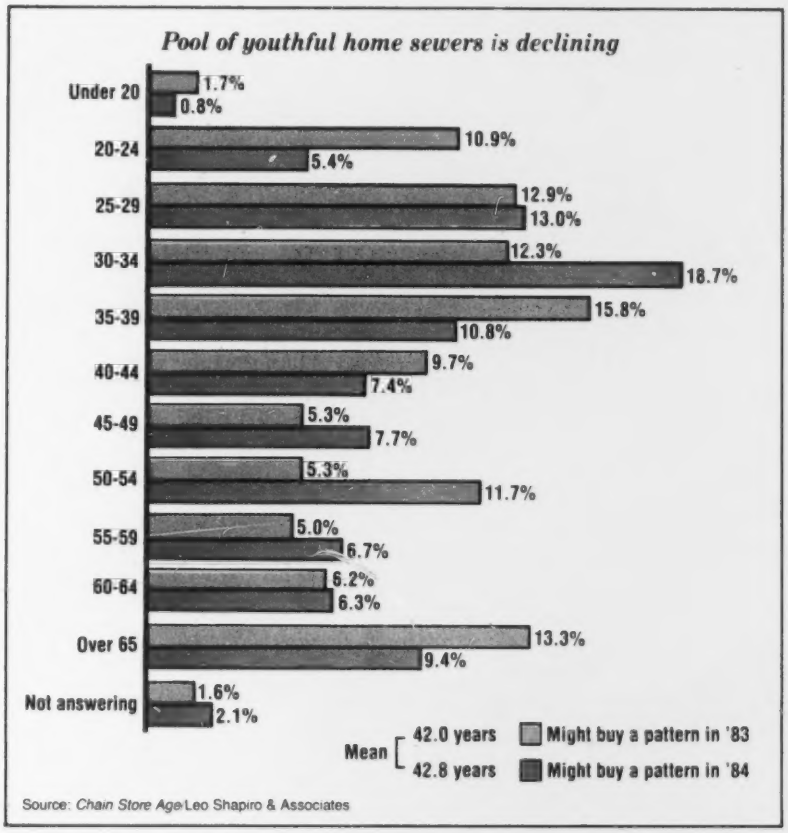
Ten years ago, the average heavy home sewer bought 16 patterns each year. Today, this number has dwindled to about 10. Of the approximately 40 million consumers who do sew, 30% are classified as heavy sewers, accounting for 70% of all pattern sales, according to a recent study commissioned by Simplicity Pattern Company.

Both manufacturers and retailers must be more responsive to shoppers in a shrinking market

Another factor is that the home sewer is aging. The *CSA*/Shapiro study shows 18.7% of consumers age 30-34 said they might buy a pattern in '84. The second largest group of consumers (11.6%) who might buy are between 50 and 54.

But younger shoppers appear to be rapidly losing interest. Less than 1% of those under 20 and 5.4% between 20 and 24 said they might buy a pattern this year—half as many as said they might buy in the 1982 study. This drop underscores the burning need of the industry to interest new sewers.

Consumers need to be given more positive reasons to sew. The opportunity to save up to 70% over the cost of ready-to-wear isn't enough by itself, and the rise of off-price retailers—making brand names and



designer fashions widely available at lower prices—reduces the economic advantages for sewing.

Time-poor consumers often have little opportunity to sew, even though pattern companies emphasize "overnight" and "easy" fashions that require a minimum of cutting, fitting and sewing.

The star connection: Sewing must shed its "homespun" image, stressing fashion instead. The pattern companies are leading the way, with celebrity spokesmen touting new designs and well-known Seventh Avenue and foreign designers providing their latest looks. McCall's has recently signed Hollywood designer Nolan Miller, who creates many of the fashions worn on the TV show "Dynasty." In addition, Joan Collins and Linda Evans have been signed to model the new fashions in McCall's catalog—although they won't be featured in poses recreating their adversary relationship on the TV show. Says a company spokesman, "We signed the designer, not the show."

The designer business is becoming an increasingly important part of the total business despite the fact that these patterns are generally higher-priced (some Vogue designer patterns retail for up to $8).

In keeping with its upscale image, Vogue has cosponsored fashion shows with Intergold, tying in award-winning 14 karat gold jewelry with Vogue pattern fashions. While jewelry has an aura of glamour and fashion, sewing doesn't enjoy the same positive image, partially because of a lack of positive marketing about the value (both financial and personal) of sewing.

Educating the consumer: Consumer education should help change this image, starting with home economics courses taught in the majority of the nation's secondary schools. But home economics in college isn't as strong as it once was. "Women are going into nontraditional fields which weren't open to them years ago," says a spokesman for the National Center for Research in Vocational Education. Interest in sewing should be firmly entrenched while students are in high school since there may not be an opportunity later. Most retailers participate in school programs with coupons and discounts. "We offer students a 10% discount on fabric and notions for all school-related projects," says a spokesman for Oklahoma City-based T.G. & Y. "It's a program we've been running since time immemorial."

But more organized work is called for. One solution being tossed around is a council—similar in action to the orange juice or milk council—that promotes the industry without mentioning any specific brands. Sal Alcina, president of the American Home Sewing Association, says, "We share the same frustration of attempting to build careers or to run our own businesses in an industry with a declining trend." A council, with every member contributing a small percentage of its profits, could indeed make a major impact on consumers. "It's time to think about and plan for a major consumer promotion," adds Alcina.

Most retailers agree, adding that 1984 may see the first signs of activity of such a council. □

Simplicity offers complex choices

Rick Barton's office has two items in it that sum up his job at Simplicity Patterns—a packed suitcase and a 4-ft.-tall soft sculpture Herself the Elf doll.

"I've been on the road almost continuously since I got here last fall," notes Barton, sales vp for the pattern company. "The doll is made from a Simplicity pattern and is part of a future promotion for retailers."

Barton's whirlwind travel schedule—he has been dashing about talking to retailers about the pattern company's new programs—is one indication of Simplicity's renewed activity in the marketplace. Not content to be the biggest frog in a shrinking pond, the company, which itself has reported declining

Healthy outlook for moisturizers

Whether it's the $30-a-jar exotic name brand or the $4 special, facial moisturizers represent steady business for retailers.

"The cosmetic industry has created a demand for them," explains the buyer for a 15-unit Midwestern department store. Everywhere consumers turn, someone is trying to sell them a moisturizer. At the stores, they're overwhelmed by models offering free samples. At home, their mailboxes are flooded with cosmetics mailers, and television spots shout out brand name treatments.

It's no small wonder that last year's *Chain Store Age*/Leo Shapiro & Associates consumer study implies that the 1984 market for this product could double. For every shopper planning to buy moisturizers this year, nearly two have bought them within the past year.

An East Coast discounter with a sales volume of more than $200 million says, "It's definitely a branded business, strongly dependent on advertisements." However, like many other merchants, he concedes there may be no real difference in quality between brands. Still, he notes that consumers are hooked on their favorites.

The *CSA*/Shapiro study confirms this demand for name brand products. More than 3 out of every 5 shoppers (63.2%) preferred the nationally advertised labels; only 1 in 5 chose store brands. The top three brands, in order of preference, were Oil of Olay, Revlon and Estee Lauder.

Facial moisturizers can be divided into two groups appealing to two types of customers. An East Coast discounter with approximately 50 stores explains, "The ones sold in H&BA—Oil of Olay and Ponds—are sold on price. The franchise items, such as Revlon, need salesmen to move them." Danners H&BA merchandise manager Bruce Sherwood adds, "One appeals to the masses and the other one to a more sophisticated group."

The survey also indicates that franchise products are the larger of the two markets, despite the generally higher prices of these goods.

Two out of every 3 shoppers plan to look for these items in outlets that carry predominantly franchise moisturizers—drug stores, department stores and in mail-order catalogs. Moreover, nearly 3 out of 4 consumers bought moisturizers from one of these retailers the last time they made a purchase.

Discounters, on the other hand, known for their strong self-service health and beauty aids departments, capture only 14.7% of the prospective market. This figure drops to less than half when it comes to where customers last made moisturizer purchases.

Although shoppers are buying the more expensive lines, the majority appear to put a ceiling on how much they will pay per jar, bottle or tube. Nearly 78% of those polled expect to pay less than $12, with 51.1% of that group anticipating price tags between $4 and $12.

Retailers agree with these findings. They say the majority of customers are not spending $15 or more for moisturizers. Some prefer smaller bottles of the more expensive and prestigious names while others buy lower-priced labels.

With this price sensitivity in mind, it comes as no surprise that moisturizer consumers report one of the greatest percentages of low family incomes of all the products tracked in the *CSA*/Shapiro survey. Nearly 42% have annual incomes of $20,000 or less. And moisturizer

*A CSA **consumer study** predicts the moisturizer market could double in '84.*

Drug stores claim highest market share

Retailers	Shoppers who plan to shop facial moisturizers from:	Shoppers who last bought facial moisturizers from:
Drug stores	27.8%	35.3%
Department stores	20.5	11.8
Mail order	19.7	25.9
Discounters	14.7	7.1
Big 3 catalog chains	0.9	3.5
Other	16.4	16.4

Source: *Chain Store Age*/Leo Shapiro & Associates

shoppers have the highest percentage of retired breadwinners compared to buyers of the other products sampled. □

Moisturizers: not for women only

One of the greatest untapped markets in the cosmetics and fragrance industry today is men's moisturizers. Until recently, the category had a Catch-22: Few men would admit to needing a facial moisturizer, and few manufacturers offered the product in their men's lines.

But in the past few years the products have taken off. Retailers are bringing in new skin care treatments as well as expanding successful fragrance lines with the addition of scented moisturizers. At a Bloomingdale's Clinique (an Estee Lauder subsidiary) counter, one of the first companies to devote an entire line of skin care products to men, a rep notes, "Our volume [for men's] has been doubling yearly." When another Estee Lauder rep at the nearby Aramis/Devin counter was asked about moisturizer sales, he said, "I just sold three 3-oz. bottles of Aramis RNA at $25 each in a half-hour."

One explanation for the sudden growth of the category is that the male of the 1980's is not as hung up on his masculinity as he was a decade ago, say both retailers and manufacturers. "A lot of men wouldn't buy any moisturizers. They felt it was a women's product," explains one East Coast buyer of a 50-store discount chain.

At The Los Angeles-based Broadway, buyer Michelle Monteath agrees. However, she adds, "The business is changing. The wife or girlfriend may make the initial purchase, but the repeat business comes from men."

Still, the category has a long way to go before it is totally accepted by the male population. "It's an educational process," says Leah Seidenfeld, group product manager for Jovan.

Like others in the industry, Seidenfeld notes that a strong consumer advertising campaign is a necessity for continued growth of the men's market. Another industry insider suggests, "It may take a 'Mr. T' to stand up for men's skin treatments before they are ever well received." □

Hair Scents

The profit potential of this revolutionary new product just makes sense.

Perfumed hair accessories for the teen and youth market

Hair Scents is a sensational new product from Tip Top that capitalizes on a young girl's interest in perfumes and hair accessories. The only perfumed hair accessories on the market, Hair Scents is available in three fragrances: oriental, spice and floral.

Brushes, combs, barrettes, side combs and bandeaux, the new Hair Scents line makes hair smell great all day long. To find out more about Hair Scents, as well as Tip Top's new product line and merchandising plan, contact your Tip Top representative today, or call Tip Top Corporation toll free: 1-800-228-9370.

TipTop

Hair Care Is Getting Into Tip Top Shape

Big 3 increasing catalog sales efforts

Growing pressure on consumers' time is strengthening sales through the Sears, Penney and Ward catalogs.

"Catalog shopping is becoming increasingly important," says a spokesman for J. C. Penney. During the third quarter of 1983, catalog sales jumped 11%. "This is the first double-digit gain in quite a while," he adds.

In an effort to fuel the resurgence in catalog sales, Penney is using promotional mailings aimed at the store's credit card holders who are not current catalog shoppers. Offering account holders the chance to "liberate" themselves, the promotional piece emphasizes the $2 price

A Liberated Shopper
Shop when it suits you — no more conforming to "fixed" store hours!
Shop by phone without leaving home — no more racing to the shopping center with little time to spare!
Shop by (and for) yourself — no more coping with the kids when you're

of the catalog, which includes a $2 merchandise certificate good toward the first catalog purchase the shopper makes.

While Penney is keeping the price of its Spring and Summer 1984 catalog at $2, Sears has increased its catalog price to $4 (which also includes a $4 merchandise certificate good for both catalog and retail purchases over $20).

Ed Bjorncrantz, manager of catalog production and distribution at Sears, says the nation's largest retailer expects to sell more than 1.8 million Spring/Summer catalogs despite the price increase.

For the first time in many years, Sears will be selling the catalogs at the catalog order desks and at checkouts in its stores. The emphasis on catalog sales should pay strong dividends for the chain because customers with a catalog at home buy "three times more from Sears—at both retail and catalog—than do customers without a catalog," notes Bjorncrantz.

Montgomery Ward is also "very pleased with '83 sales," according to a chain spokesman. Double-digit sales gains were posted for the second half of 1983. Although no specific plans were released, the spokesman says the company is exploring a variety of marketing opportunities for the catalog.

Women make strides in retailing

Women are becoming much more visible at the top levels of department store retailing, according to a 1983 study conducted by Thorndike Deland Associates, a retail executive research firm.

Phyllis Tama, an executive recruiter with the firm and former vp of Associated Merchandising Corp. and the May Company, surveyed the number of women holding president, gmm and dmm positions at the seven largest companies (which include 56 separate divisions). In 1973, none had a woman president; by 1983 there were seven female presidents in place. The number of women at the gmm level increased from 1 to 23 during the 10-year period, and the number of dmms jumped from 38 to 263.

Making room at the top
(Number of women in key posts at 56 department stores)

Title	Year	Total	Women
President	1973	56	0
	1983	56	7
General merchandise manager	1973	91	1
	1983	170	23
Divisional merchandise manager	1973	433	38
	1983	705	263

Source: Thorndike Deland Associates

"While women haven't made it to the top in numbers equal to men, the 10-year trend is clear," says Tama. Indeed, just in the last few months, a number of women have been named presidents: Dawn Mello at Bergdorf-Goodman, Gloria Johnson at Hutzler's, Sally Frame at Ann Taylor. (See related stories in the November 1983 and January 1984 issues of *CSA*.) Tama predicts that women in retailing will achieve parity with men by the end of the decade.

Macy's Midwest division turns profit

Most people look to R. H. Macy's merchandising skills for sales and profit performances, which have led the department store industry for the last five years.

But Macy also knows how to produce profit from operational efficiencies, as can be demonstrated in its Midwest division. For the first time in several years, the Kansas City and Toledo-based division produced a profit for the fiscal year ended July 30, 1983. Sales were a *CSA*-estimated $215 million, up 7.5%.

The profit came after Macy combined the organizations of the stores located in the two cities and shifted many buying responsibilities to Kansas City.

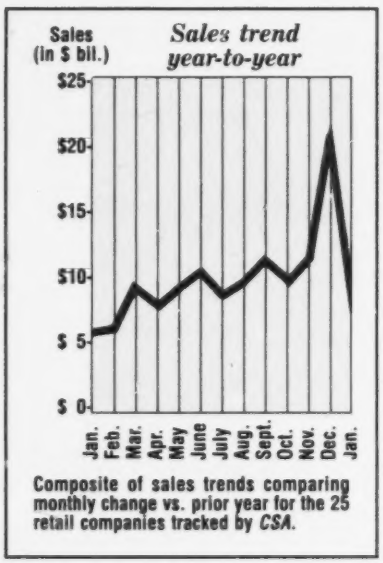
Now the chain is moving to further plug a red ink source by closing the downtown Toledo store. The 66-year-old unit closed at the end of January. Previously Macy had consolidated 10 floors of merchandise into four and had ceased using the premises as a distribution center. Instead, direct shipments go to Toledo area stores from Kansas City.

The Toledo units had been known as LaSalle's prior to 1981. This is the fourth downtown department store to close in 11 years. Most recently Lion's, a division of Mercantile Stores, shuttered its store in 1980.

January continues torrid sales pace

Record cold weather across the nation failed to put a damper on consumer spending in January as GMers reported strong sales results. Sales for the month were up 16.7% for the 25 chains tracked by *Chain Store Age* and 11.6% for the 1983 fiscal year.

The Big 3 chains all reported robust sales. J. C. Penney continued to reap the benefits of its soft lines emphasis; sales, not including discontinued lines such as major appliances and hardware, were up 18.9%. Total same-store sales jumped a whopping 15.5%, with men's and women's apparel recording the strongest gains.



Composite of sales trends comparing monthly change vs. prior year for the 25 retail companies tracked by *CSA*.

Sears, not including results from its Canadian Simpson-Sears subsidiary, reported a 9.1% sales increase, while Montgomery Ward recorded a 12.5% hike.

But K mart, the nation's largest discounter, didn't fare as well. Sales were up only 5.8%, reaching just over $1 billion (same-store volume jumped a meager 4.1%). The chain's January sales, in fact, were up only 8.3% over the same period in 1982. K mart officials blamed a dearth of seasonal markdown merchandise for the weak performance. "Strong sales in December left only minimal supplies of seasonal goods for January clearances," said K mart chairman Bernard Fauber.

But, notes economist Jay Levine of K mart's recent results, "They have not had the upsurge in all of '83 of the rest of the industry."

Other discounters fared better. St. Ann, Mo.-based Venture reported a 8.5% same-store hike, while Wal-Mart, the nation's second-largest discounter, logged a 15% same-store sales increase.

F. W. Woolworth also reported strong sales as the venerable chain continued to show strength in all retailing divisions. The company's domestic operations were up 17.9%. The J. Brannam and Richman Bros. apparel subsidiaries reported same-store increases topping 20%.

Among specialty chains, The Gap recorded a 25% sales increase, from $24.3 million in January 1983 to $30.4 million in January 1984.

January sales strong despite cold snap

Major chains	% change	January sales 1984	January sales 1983	Stores 1984	Stores 1983	12-mo. sales 1984	12-mo. sales 1983	% change
Sears[1,6]	+ 26.6	1,596,201	1,260,914	892	829	24,270,355	20,178,144	+ 20.3
Penney	+ 16.5	663,000	569,000	2,015	2,046	11,033,000	10,364,000	+ 6.5
Ward[1]	+ 12.5	377,878	336,037	370	386	6,058,883	5,618,518	+ 7.8
Federated[1]	+ 12.6	416,300	369,600	428	390	8,502,700	7,500,000	+ 13.4
Dayton Hudson	+ 19.9	399,709	333,506	1,082	981	6,800,575	5,531,389	+ 23.0
May Dept. Stores	+ 10.5	225,300	203,900	1,584	1,468	4,211,600	3,653,900	+ 15.3
R. H. Macy	+ 11.9	190,300	170,000	93	92	3,826,900	3,219,400	+ 18.9
Allied Stores	+ 8.4	188,700	174,000	570	533	3,676,300	3,215,600	+ 14.3
Carter Hawley Hale	+ 23.2	233,300	189,400	1,085	1,026	3,663,400	3,054,800	+ 19.9
Associated Dry Goods	+ 23.6	197,100	159,500	318	247	3,690,000	3,089,000	+ 19.5
Mercantile	+ 21.0	104,416	86,328	86	83	1,625,170	1,428,385	+ 13.8
K mart	+ 5.8	1,062,301	1,004,423	2,162	2,117	18,598,330	16,772,166	+ 10.9
Woolworth	+ 10.8	314,135	283,451	N/A	N/A	5,438,895	5,110,578	+ 6.4
Wal-Mart	+ 40.3	331,000	236,000	642	551	4,667,000	3,376,000	+ 38.2
Household Merch.[2,3,5,7]	- 1.0	201,322	203,155	3,654	3,756	2,871,931	2,952,455	- 2.7
Zayre[4]	+ 24.8	120,475	96,557	749	617	2,613,500	2,139,616	+ 22.1
Bradlees	+ 31.1	59,800	45,600	127	106	1,182,800	871,600	+ 35.7
Murphy	+ 10.1	49,799	45,236	403	422	872,151	822,282	+ 6.1
Rose's	+ 27.3	39,258	30,842	191	238	829,316	661,903	+ 25.3
Heck's	+ 11.0	23,200	20,900	122	119	458,900	420,200	+ 9.2
Jamesway	+ 25.1	17,563	14,041	78	68	416,773	332,513	+ 25.3
Melville	+ 17.8	218,489	185,549	5,733	5,478	4,124,858	3,404,450	+ 21.2
Tandy	+ 11.8	224,533	200,785	N/A	N/A	2,658,269	2,304,858	+ 15.3
Edison Bros.	+ 15.8	64,643	55,799	2,166	2,129	1,086,321	971,699	+ 11.8
The Gap	+ 25.0	30,400	24,329	568	545	481,400	444,929	+ 8.0
Totals & Averages	+ 16.7	7,349,122	6,298,852	—	—	14,950,670	13,401,048	+ 11.6

*000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Includes 2,802 franchise stores (vs. 2,824 a year ago). [3]Includes T.G. & Y. sales. [4]Includes 275 Zayre stores (vs. 264 a year ago), 356 Hit or Miss stores (vs. 267) and 118 T. J. Maxx stores (vs. 86). [5]Excludes supermarket sales. [6]Includes results from Simpson-Sears. [7]Estimate.

Profits roll in at Sears and Ward

As expected, fiscal year 1983's fourth quarter brought good news to Big 3 retailers Montgomery Ward and Sears.

For the first time since 1979, Ward reported an annual profit. The Chicago-based chain earned $40 million, vs. a $93 million loss in 1982. In the fourth quarter, profits more than tripled, from $16 million in 1982 to $53 million.

Meanwhile, cross-town rival Sears reported a 43.5% earnings increase for its United States merchandising operations. Profits rose from $455.9 million in 1982 to $654.3 million in 1983. The company logged a 30.6% jump in fourth-quarter earnings for its domestic merchandising operations, from $311.6 million to $406.8 million in 1983.

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Gourmet housewares: exclusive consumer poll

CSA special report: Photo buyers survey

Chain Store Age

GENERAL MERCHANDISE EDITION

April 1984

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ISSUE

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***Shoppers show** a decided preference for stainless steel cookware, followed by copper and SilverStone.*

Gourmet lifestyle has sales cooking

When the corner deli sells 13 varieties of mustard, when fashion designers attach their names to dinnerware and when cookware is purchased because of how it looks as well as cooks, then Webster's had better get ready to redefine the word "gourmet."

"Right now, the gourmet food category is probably the second-fastest-growing area, after ethnic foods," says Allen Freed, president of Foodworks Inc., a product development company. "The people who are spending $4 for a bottle of barbecue sauce are the same upscale shoppers who buy $40 polo shirts. It's simply a different form of conspicuous consumption."

Freed adds that some of his clients manufacture both specialty foods and specialty cookware.

The urbanization of gourmet foods and housewares is currently developing. A sizable segment of the population is buying gourmet foods on a regular basis and citing an interest in buying gourmet cookware, according to a poll by *Chain Store Age*/Leo Shapiro & Associates conducted in February. At the same time, fewer consumers are giving their kitchens high ratings for being well equipped to prepare gourmet foods, indicating a need to buy new appliances and utensils.

This trend bodes well for savvy retailers who can make simmering sales in gourmet lines really boil, but in spite of the professed interest, the consumer is very uneducated about the gourmet product field. Few polled could name brands for either food stuffs or cookware. Retailers most likely to capture this business (now predominantly a specialty/department store stronghold) will be the ones who offer the consumer the broadest selection as well as product education.

According to the study, about 8%-12% of American families eat gourmet foods at home on a regular basis. This number jumps to 18% among respondents under age 30. This segment (59% of the under-30 group polled are between 25 and 30) is the prime prospect for gourmet products. Surprisingly, men are slightly more inclined to use gourmet foods regularly at home than

This section was written by Christina Gruber.

Young consumers are prime targets for gourmet cookware

	Bought gourmet foods	Age			Income		
		Under 30	30-49	Over 50	Under $20,000	$20,000-29,000	Over $30,000
Definitely interested in gourmet cookware	9.6%	6.6%	6.0	2.2%	2.9%	4.8%	7.0%
Maybe interested	24.1	20.7	13.4	8.5	6.9	20.9	13.7
Definitely not interested	66.3	69.4	80.6	87.6	88.7	74.3	76.7
Not answering	0.0	3.3	0.0	1.7	1.4	0.0	2.5

Source: *Chain Store Age*/Leo Shapiro & Associates

women, probably because of the ease of preparation for many items.

There seems to be a real subculture brewing in American eating habits. The old concept of the family meal is crumbling due to the demands of today's mobile society and the number of women employed outside the home (about 50%), so many restaurants are serving "home-cooked" meals. Americans are going out for their (to steal a line from a recent McDonald's ad) "meat and potatoes" meals. A restaurant industry analyst notes that the top 100 restaurant chains increased sales 4%-5% in '83.

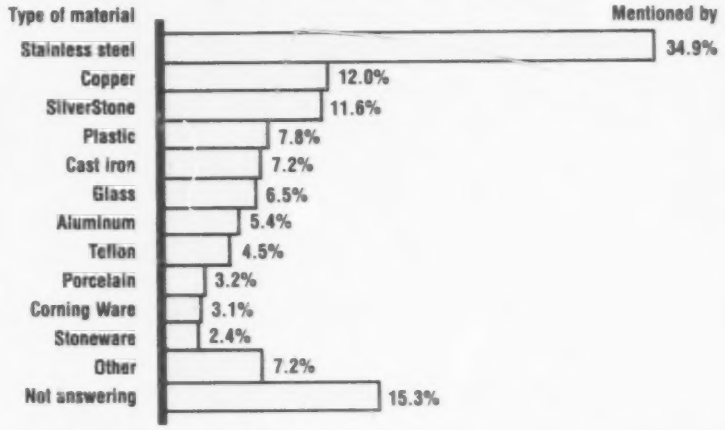
Eating at home is becoming more of a festive occasion, which means more attention is being paid to how the food is prepared and served. In a 1979 Shapiro survey, consumers were asked to rate how well their kitchens were equipped to prepare gourmet dishes. Almost half (48%) responded excellent/good. As consumer awareness of gourmet foods and cookware increases, however, this rating decreases. Of consumers asked to rate their kitchens in this year's survey, only 36.4% responded excellent/good.

Gourmet-ing of popcorn: When asked to name some gourmet foods they have purchased, consumers most often mentioned cheese. Among other products frequently mentioned were caviar, pâté and seafood. But an amazing number of other responses were given, from popcorn to ice cream to seaweed, indicating the popularization of the term "gourmet" to include some form of food from every category.

However, today's consumer is not familiar with brand names. For example, when asked to name specific gourmet food brands, more shoppers mentioned Hickory Farms, Swift and Stouffer than Michel Guerard or Godiva. A whopping 87.2% of those polled were unable to answer the question at all.

Naturally, the majority of consumers who bought gourmet foods (63.4%) purchased them at grocery stores, but 16.2% chose specialty shops, and an additional 5.3% targeted department stores. Restaurants regard this trend to purchase gourmet take-out foods as a threat,

*Gourmet cookware shoppers favor stainless steel**



Source: *Chain Store Age*/Leo Shapiro & Associates
*Totals add up to more than 100% due to multiple responses

Consumers are unsure of prices

Price expect to pay	Cutlery	Ice cream maker	Espresso maker
$10 and under	6.8%	1.0%	0.2%
$11-$15.99	5.8	3.7	2.2
$16-$20.99	6.3	4.3	5.9
$21-$25.99	4.0	9.2	8.1
$26-$30.99	6.8	5.7	4.9
$31-$35.99	2.3	3.7	3.5
$36-$49.99	3.3	5.6	5.8
$50-$80.99	8.2	4.7	4.1
$81-$80.99	3.0	0.6	0.3
$81-$124.99	4.0	0.4	1.5
$125 and over	2.4	0.6	0.7
Not answering	47.3	60.5	62.8

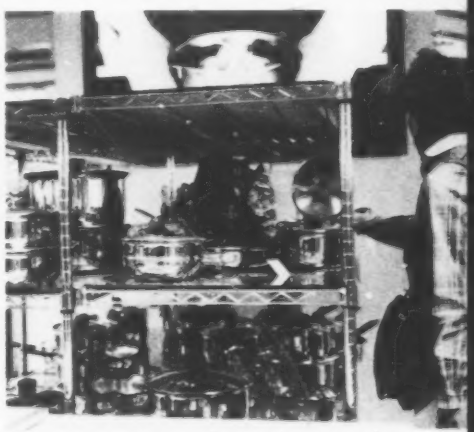
Source: *Chain Store Age*/Leo Shapiro & Associates

says a restaurant industry source: "A meal bought to eat at home is one less meal eaten in a restaurant."

But gourmet foods are highly vul-

Retailers most likely to capture this trade will offer broad selection and product education

nerable to economic pressures. Seven out of 10 people said they would cut gourmet foods out of their budgets if they decided to curb their spending. Of that number, 42.8% would stop buying all gourmet food items. While 77.7% of consumers under 30 would curb gourmet food purchases if they curbed spending,



***Consumers surveyed** expect to spend about $120 on cookware.*

only 26.7% would curtail buying all the products they currently purchase.

One-fourth of consumers polled spent less than $6 per month on gourmet foods, with 46.5% buying something at least once a month. Just over half of those polled under 30 (57%) shop for these products on a monthly basis.

Gourmet cookware: About 17.6% of consumers polled (27.3% of those under 30) have some interest in gourmet cookware, but only a quarter are aware of the specialty cooking products on the market. Product awareness increases to 42.7% among people who buy gourmet foods.

But shoppers are hesitant about brands, with 55.4% unable to name